

# **Instructions for Completing the 2011 CFC Application**

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## INTRODUCTION

This Instructions Section will help you through the most complicated parts of the CFC application.

Here you will find directions for the tables, forms and questions in the application. Please read the instructions for each section before you begin.

These instructions do not address every page of the application, but you must complete and submit all information about your project.

Read the Application Overview for more information about the requirements of each funding source.

Note: If a page of the application does not apply to your project, write "N/A" on the page and submit it with your application. If an entire section of the application does not apply to your project, do not submit it.

# INSTRUCTIONS FOR COMPLETING THE APPLICATION

About attachments:

OHCS designed the CFC application to provide the reviewer with all needed information while limiting the amount of narrative responses and supportive materials the applicant must submit.

Do not submit documents that OHCS has not requested. Answer all questions completely and succinctly.

## **PART 1: SUBMITTAL DOCUMENTS**

### **AUTHORIZATION AND ACCEPTANCE FORM**

You must include the Authorization and Acceptance Form. The person(s) who has/have authority over the terms in the Authorization and Acceptance Form, and the sponsor entity's owner or board chair (if applicable) must sign the form

### **BOARD OF DIRECTORS RESOLUTION**

Many non-profit bylaws require the Board of Directors to adopt a resolution in support of a funding application. If your organization has such a requirement, include a copy of that Resolution. If not, include a statement why a resolution is not applicable. OHCS has provided a sample resolution. If you chose to use a different format, ensure it includes all of the information in the OHCS sample

### **APPLICATION SUBMITTAL CHECKLIST**

The Application Submittal Checklist will help you determine what documents you must submit and where they should be in the application. Include the completed Application Submittal Checklist with your application. Every page of the application should appear in the same order that it appears in the checklist. Number all pages of the application and note the numbers on the checklist.

Feel free to use the checkboxes to track items as you complete them.

### **APPLICATION AND CHARGE TRANSMITTAL**

Carefully complete the charge calculations on the Charge Transmittal and **attach your check** to the transmittal page. Payments are non-refundable.

## **PART 2: THRESHOLD**

**Any application missing these pieces of information will not be eligible for funding in the 2011 CFC.**

### **ZONING**

All applications must include a zoning certification form, even if the project is solely acquisition or rehabilitation. OHCS has designed a Zoning Certification Form to be used to document the zoning status of the property. The department will not accept **zoning approval in any other format** The City or County staff responsible for determination of issues related to comprehensive planning and zoning must sign the Zoning Certificate. OHCS will not accept an application without the certification or if it is incomplete or inappropriately signed. For example, an excerpt from the zoning code is not acceptable as zoning confirmation.

- **OHCS will not accept application for projects that require zone changes or annexations and will not meet threshold.**
- The original of the Certificate must be placed in the original application.

### **VERIFICATION OF SITE CONTROL**

Complete the table and attach evidence of site control. The Application Submittal and Review Process section contains a discussion of acceptable site control verification. If you do not yet own the property, be sure to submit all extension documents, amendments and/or addendums to your original documents.

Under certain limited circumstances, OHCS Administration may review site control exceptions before you submit your application. Send requests for advance approval through your RAD. The Housing Division Administrator can receive exception requests no less than two weeks before the CFC application deadline. If the department allows the exception, OHCS will send an approval letter for inclusion in this section of the application.

### **SUBMISSION OF OHCS/PHB PHYSICAL CONDITIONS SURVEY**

Applicants applying in the 2011 CFC round are **required** to have completed the physical conditions survey for all OHCS, Portland Housing Bureau (PHB) financed projects in the applicants portfolio with the exception of group homes or projects with only OAHTC or Trust Fund as a funding source. OHCS sent the official notice of this requirement to partners on October 19, 2010. The sponsor must have completed and submitted to the Department in order to apply in this CFC round. Contact your RAD for details or an exception request.

### **OHCS ENVIRONMENTAL REVIEW CHECKLIST**

You must complete the OHCS Environmental Review Checklist. If an application involves more than one land parcel, complete a Review Checklist for each parcel.

Project sponsors must complete the Environmental Review Checklist prior to the RAD's site visit. The RAD will review information on the checklist during the site review. The Environmental Review Checklist must be signed by both the applicant and the RAD, or the checklist will be considered incomplete and the application will not meet Threshold requirements.

Applicants must contact their RAD to set an appointment for a site visit. The deadline for scheduling the site visit is published in the Application Overview section. If you do not contact the RAD before the deadline, the RAD has no obligation to view the project site or sign the Review Checklist.

OHCS will use the Vicinity Map for both the environmental and architectural reviews. The map must include the scale. Mark the site location on the map, as well as a number of amenities and natural locales (parks, etc). See the SITE/AREA MAPS portion of the Environmental Review Checklist for details.

If you already have the results of an environmental Phase 1, engineering, soils or other study, please submit the summary pages. Do not submit the whole report. Such reports are not a Threshold requirement.

### **ARCHITECTURAL THRESHOLD**

Describe the overall characteristics of the project and the target population in three to five sentences. Please do not include all elements of the project. OHCS will not score this description, but will provide information for the reviewer. Examples of optimum responses are:

- This is a 56 unit project in seven buildings on a suburban site with a separate community building in an established residential neighborhood targeting the senior population.
- Major elements of the proposed rehabilitation include site improvements; new roof, windows and siding; interior cabinet and flooring replacement; supporting workforce housing.

### **VISITABILITY EXEMPTION REQUEST**

Use this form if the proposed project design cannot meet the state’s visitability requirements, as described in the Architectural Standards section. If you need an exemption, you must include Visitability Exemption Request in the Threshold Section of the application.

### **REQUEST FOR EXEMPTION FROM MINIMUM OR MAXIMUM UNIT FLOOR AREA REQUIREMENTS OR SINGLE-LEVEL TWO BEDROOM/TWO BATH DESIGNS**

Use this form if the size of the units in the proposed, are not consistent with the department’s standards. (See the Architectural Standards section of the Application). You should also use this form if the proposed design includes single-level two bedroom units with more than one bath. Include the Exemption Request in the Threshold Section.

### **ARCHITECTURAL SUBMISSIONS**

Submit only the architectural plans and materials listed on the Submittal Checklist. If you provide context photos, show their location on the Vicinity Map.

If photocopying photos for the application, include the original photos in the original application and photos copies in the application copies.

## **PART 3: APPLICANT AND PROJECT INFORMATION**

The department uses applicant and project information to determine if the project’s attributes meet programmatic criteria for the requested funding program(s). The department will enter information from your application into its database and will use the data for future benchmark reports. Submit complete and accurate information.

### **APPLICANT AND PROJECT INFORMATION**

Provide all organizational information that applies to your project. Include the contact person’s name, direct phone number and direct e-mail address. Do not attach other material about the business entity, such as resumes or organizational charts.

### **DEVELOPMENT TEAM INFORMATION**

Provide all information about the development team. Include the company name, the contact person’s name, direct phone number and direct e-mail address. Do not attach other material about the business entities, such as resumes or organizational charts.

Describe all specific identity of interest. Identity of interest is defined as a financial, familial or business relationship that permits less than arm’s length transactions. It includes, but is not limited to, the existence of a reimbursement program or exchange of funds, common financial interests, common officers, directors or stockholders or family relationship between officers, directors or stockholders.

### **OHCS-BASED FUNDING REQUESTS**

List all OHCS resources requested for this project. Use the same information every time you refer to these requests.

## DESIGNATION OF BETC CREDIT

If you check that you are pursuing BETC credits, you must show the anticipated amount of those credits as a funding source on the Sources proforma.

## OHCS PRESERVATION SET-ASIDE

For your project to qualify for the 50 percent OHCS set-aside of funds, your project must partially or completely target preservation projects. Indicate if you will be applying for preservation as defined in the Application Overview section. Carefully read the “Resources Available and Allocation of Funds” and “OHCS Performance Measurements and Preferences” headings in the “Application Overview” section about the set-aside criteria before marking the box.

## UNIT TYPE AND FUNDING PROGRAM DESIGNATION

Complete the table, list the unit type (Single-Room Occupancy, studio, one bedroom, etc.), the total number of each unit type, number of the units designated for each fund source (HOME, LIHTC, Trust Fund, GHAP, etc.), square footage of units *and total square footage for each unit type*. Use the method described in the Architectural Standards and Product Replacement section of the application to calculate the floor area of each unit type.

The number of various Program units may exceed the Total Number of Units. However, indicate only the number of units, which you agree to restrict to the income and rent structure of the specific funding program. The department will develop restrictive use agreements based on the number of units per funding source you provide.

## TARGET POPULATION

List the main target population(s) for units. Indicate if you will hold vacant units for the target population until you find an eligible household.

Indicate the number of targeted units for each population type.

Indicate the number of units that will meet the listed criteria.

## RENT TABLE

Indicate the **proposed** income and rental limitations of the units. Assume all funding source restrictions apply. Before rounding up, rents must correspond with the Income page of the Operating Budget. (If requesting OAHTC, rents must correspond with the Income With OAHTC page.) Round up to the nearest 10 percent, i.e.: a 47 percent rental charge on the Income page of the Operating Budget would be listed as 50 percent in the Rent Table.

If the income limitation percentage of the household residing in the unit is not equal to the proposed rent percentage, then provide an explanation. For example: if the rent limitation is 40 percent of area median income and you proposed to serve households at 30 percent or less of area median income. A question is provided for this purpose. Skip this question if the proposed rents and household income are the same percentage, you may skip responding to this question.

## SITE AND BUILDING INFORMATION

Use this section to provide a picture of the physical project: building design, construction method, unit amenities, etc. Check all the boxes that apply to your project.

Under “Building Type” and “Building Construction Characteristics”, indicate the number of buildings in the project that include the listed design feature. Buildings can be double-counted and can exceed the total number of buildings in the project.

Under “Planned Project Elements to be Incorporated”, put an “X” in each box for which the indicated feature is a component of your project. Do not type the number of times the item will appear in the project. However, you must provide the number of parking spaces.

## **2011 CFC HOUSING COUNCIL REPORT**

This section of the Applicant & Project Information will be provided to the Department's Executive Team and if applicable, provided to the Housing Council, for review and approval of funding reservations.

Fill in the project and contact information and give a brief narrative of the project. Mark all appropriate boxes for unit and priority population type.

Complete the Sources and Uses table including total cost, total cost per unit, and total cost per square foot.

The "Proposed Improvements" table: For an acquisition/rehabilitation project provide the scope of rehab. For a new construction project briefly list the exterior, interior and common area finishes (as you would find in an appraisal).

For acquisition/rehabilitation projects, provide a brief description of the relocation plan.

Complete the proposed rents table and proposed (first year) annual operating budget accordingly.

The Market Demographics section should be based on the market information you have obtained, either with the market study (required for tax credit projects), or market information based on information gathered in your research for the project. Please use concise bullet points to describe the major components of the market (i.e., economy, job growth, supply, and demand).

Give a brief description of the Sponsor Experience and Proposed Resident Services.

The balance of the form, "Conditions for Funding", "OHCS Funds Reserved", and "Recommended Motion" will be completed by OHCS staff.

## **PART 4: NARRATIVE QUESTION**

You have to complete one narrative question for this section. Tell the OHCS reviewers what is important about the project. Help reviewers understand the dynamics of the project as they work their way through the application. Provide or clarify information that is not apparent or obvious in the other sections of the application. Explain why the project should receive funding. Do not assume the reviewers know anything about your project or your organization. Do not repeat, copy and paste from other areas of the application to complete this section.

The application criteria for the narrative question are very strict. You must use 11 or 12 point font type. You must maintain no less than a one-inch margin for top, bottom and sides of paper. The maximum length of the response is three pages. The department will not review more than three pages of narrative.

## **PART 5: SELF-SCORED SECTION**

Complete the Excel workbook on a computer. Do not print and complete by hand. Enter points into the colored cells on the right-hand column of each question. The Excel workbook will compute the final score as you complete the workbook.

Certain questions require documentation. During the CFC application review period, OHCS will review the documents to confirm that your project is eligible for the points you claim in the self-scored section. Refer to the Application Submittal Checklist to make sure you attach all required materials.

The following will help you with the workbook:

### **RENTER PREFERENCE**

This is an all-or-nothing question. If you agree to rent to tenants with net household income no more than two times the net rent, you can claim eight points. Any other rental policy earns no points.

### **NEED FOR THE PROJECT**

Review the Priority Assignments page to determine the priority level for the population you intend to serve. OHCS will update the Priorities Assignments page in mid January. 2010 and 2011 Priority Assignments are eligible for 2011 applications. Check for updates before you submit your application. This is located on a tab in the Excel Workbook and is on the department's web site: [www.ohcs.oregon.gov/OHCS/RA\\_Needs\\_Analysis.shtml](http://www.ohcs.oregon.gov/OHCS/RA_Needs_Analysis.shtml).

Complete the Needs Scoring Worksheet. Use the Priority Assignments matrix to complete the worksheet. The Needs Scoring Worksheet contains three tables, one for each priority, 1 to 3. If the project will target units to a population shown on the Priority Assignments matrix to be a Priority 1 population, the applicant will list the information on the first table – the Priority 1 table. If you plan to serve more than one priority population, list each population separately. Name the county where project will be located, identify the target population, and provide the number of units for each of the target populations. Do not double count.

Your proposed project could serve populations every Priority group. Enter the population information on the correct Priority table. Enter the total units in the project in the cell at the bottom of the tables. The workbook will total the units entered for each of the populations in the next cell at the bottom of the page. The difference between those two cells must be "0". If it is any other value, you made a mistake. Find and correct the error before returning to the Self-Scored Section.

The data from the Needs Scoring Worksheet will transfer to the Need for Project question of the Self-Scored Section. The maximum score for this question is 37 points. If all of the project's units will serve Priority 1 populations, the question will receive 37 points. If all of the units are in a Priority 2 category, the question will receive 27 points. Priority 3 category earns 17 points. The workbook will automatically calculate the score based upon the number of units in each Priority category. **DO NOT** change the points awarded by the Excel program.

### **REQUEST FOR REASSIGNMENT OF TARGET POPULATION PRIORITY**

A population not on the department's high-needs matrix may be a priority for a specific community or sponsor. In this situation, the applicant can request that the department reconsider the priority ranking. Complete a Request for Reassignment of Target Population Priority form to explain why the specific population should be a priority and to request approval to receive points accordingly. The form can be found on the department's web site under the CFC Application, Needs Analysis and Priority Levels section and in Part 5, Self Scored section of the CFC Application.

Requests for reassignment are based on current **needs** data or **policy**, which must be referenced on the form for the department's review. The department may only honor a request for a priority change when sufficient **needs** data or **policy** documentation support the request.

Complete the form and send it through the RAD to the department's Research and Analysis Section at least one month before the CFC deadline. The department will review the request, make a decision, and notify the sponsor within two weeks. Submit the original approved form in the Self-Scored section of the application.



## **GREEN BUILDING**

You must complete the Green Building Worksheet. Read the Architectural Standards section's Green Building discussion. Choose the a Green Building program that will work for your project,

Public awareness is increasing regarding building design, construction and operation impact on the natural and human environment. Consumers have begun to expect builders to be more sensitive to these impacts. Projects constructed using green building concepts encourage a wise use of public resources, including the following:

- Less pollution
- Less loss of natural habitat
- Conservation of building materials
- Less energy cost
- Better indoor environment for occupants

Applicants must certify the project under one of these programs. An outline of the current Enterprise Green Communities, Earth Advantage, and LEED programs are included in the *Architectural Standards section* of the application.

OHCS has provided direction for each of the Green Building Worksheet program. Follow the directions at the top of the appropriate worksheet. You must submit both the Green Building Worksheet and the OHCS Path Worksheet in the application when you opt for one of the OHCS Green Building programs.

## **CONSTRUCTION COST DETERMINATION**

This question falls into three parts: new construction, rehabilitation, or a combination of both new construction and rehabilitation. (Rehabilitation projects include acquisition/rehabilitation projects.) A maximum of 35 points is possible for this category. Respond to only that part of the question that matches your project.

The department uses the Construction Cost Determination questions to identify how stable and well-researched the construction cost estimates are. Decide which statement within the applicable part best matches how you determined the project's construction or rehabilitation. You must have done everything outlined in the question to claim points. Enter the score in the colored cell on the right of the statement. For example: for new construction, if you developed the construction costs with help from a contractor and based on ALL the items and activities indicated in the first statement of that part, the project would score 35 points. To receive maximum points, estimate costs for individual line items. Lump sum estimates will not qualify.

For new construction and rehabilitation together, the worksheet scores Rehabilitation and New Construction separately. Each part is subject to the same criteria. The Excel program will generate that total for you.

Use current cost estimates. You may submit estimates developed for prior CFC rounds if you can show that you have updated the original costs and can document how you determined the changes.

## **COMMUNITY AND GOVERNMENTAL SUPPORT**

This is a two-part question: Five possible points for support letters from governmental offices, and five possible points for community support letters.

To earn full points for governmental support, you must include a letter from at least two different government offices. The department will accept only one federal agency letter. You will receive no points for governmental support without two letters. Submit no more than five letters in total.

To receive points for community support, include at least two letters from any of the following: local branches of community agencies (not local branches of state or federal agencies), local service groups, churches, neighborhood associations, neighbors of the site, or any other local community entity. You will receive no points for community support if you do not submit at least two letters. Submit no more than five letters in total.

NOTE: Letters must support the project sponsor or owner. Any letters of support for a potential partner such as a service provider or management agent will not qualify for points.

Letters from community action agencies may count as either a governmental or community letter. However, one letter from the CAA cannot be used to satisfy both categories. You must choose one category (government or community) for which the CAA letter will apply.

*The department discourages form letters.*

### **NON-OHCS SOURCES**

Your project will receive up to ten points when outside sources have committed resources at the time of the CFC application. Acceptable sources include: HOME funding from another jurisdiction, Rural Development or HUD funding, foundation grants or loans, present value of donated land, property tax credits, historic tax credits, business energy tax credits, or grants from other local or state agencies. A cash contribution from the project sponsor can earn points if it is a permanent source to the project and no repayment is due or expected.

Applications can receive points for potential project-based rental assistance or an operating subsidy. Those resources can be committed after OHCS issues a funding reservation.

Applications will not receive points for pre-development, construction, bridge loans, permanent financing, LIHTC equity investment, or loans from any party related to the project.

To claim points, the source must be committed and the applicant must submit a copy of the commitment or award letter with the application.

OHCS has inserted a calculator in the Self-Scored spreadsheet to help you determine if a non-OHCS source qualifies for points.

## **PART 6: RESIDENT SERVICES**

### **RESIDENT SERVICES DESCRIPTION**

Complete the Resident Services Description question and table. Review the discussion on Resident Services in the Application Overview section.

## **PART 7: MARKET AND RENT ASSESSMENT**

If you are requesting any Low-Income Housing Tax Credits, you must obtain an independent, third-party market analysis.

Other applicants must choose the best of the other three processes (assessments) before selecting which assessment is applicable for the individual project and application.

- **Group Home Market Assessment**
- **Special Needs Market Assessment**

- **General Housing Market Assessment**

Contact your RAD if you have any questions or concerns regarding which of the processes are correct for your target population and funding request.

- If your specific project will target both general population and residents with special needs, discuss the market analysis requirements with your RAD and the department's market analyst. You may need to do more than one kind of analysis depending on the project's design, mix of populations, and anticipated income stream.
- Include only the applicable pages of the appropriate market assessment. Do not include unused pages.
- Submit third-party market analyses as a complete, separate, stand-alone document.
- OHCS reserves the right to request additional data or analysis if needed.

**Group Home Market Assessment**

Generally, a project is considered a group home if it provides permanent housing for non-related residents with special needs, and tenants occupy a bedroom in a house with shared kitchen, living areas and bathrooms.

You only need to provide sufficient information to confirm that the community needs the home and there will be an adequate population in the foreseeable future to support the project through the period of affordability. The Market and Rent Assessment section contains two questions for the applicant's reply. Provide specific data and sources of information. Be concise.

Your response should be no more than two typed pages. Use 11 or 12-point font size, and keep all-around page margins of not less than 1 inch.

DO NOT complete any part of the other assessments or analyses.

**Special Needs Market Assessment**

The Special Needs Market Assessment is brief and is a refinement of the standard general population format. It addresses specific special needs (SN) populations including, but not limited to:

- persons with the presence of a disability (people with a physical disabilities, people with developmental disabilities, people with traumatic brain injuries, and people with chronic mentally illness)
- victims of domestic violence
- children
- previously incarcerated persons
- homeless individuals and families
- persons with HIV/AIDS
- persons recovering from alcohol and drug abuse
- other persons approved by the department

The Special Needs Market Assessment applies to projects with **less than 20 units. Applications for farmworker housing or for seniors (elderly) must submit a General Market Analysis, not the Special Needs Market Assessment.**

The Special Needs section of the application consists of essay questions and an Excel "Special Needs Workbook" (page 1 only). The assessment section of the Workbook links the specific

project real estate to the special needs population. The conclusions should provide reasonable, credible, and verifiable market support for the proposed project. Marginal (unmet or surplus) demand and appropriate rents should be estimated for the specific target population. Find the workbook on the OHCS web site at:

[http://www.ohcs.oregon.gov/OHCS/HRS\\_CFC\\_Overview.shtml](http://www.ohcs.oregon.gov/OHCS/HRS_CFC_Overview.shtml).

**Submit your responses to the narrative questions and Page 1 of the Workbook with the application.** Remaining pages in the workbook contain optional worksheets that can help you complete the section. The questions and the workbook are designed to be completed simultaneously, complement one another, reduce time/expense for the applicant, and produce credible results. However, because it is so short, the reliability of the data and conclusions becomes more significant.

As you research and analyze the market, you may get information from the city, county and state agencies, service providers, local housing authorities, onsite managers, and Census (American Community Survey) data. Cite the sources (include person and phone), dates, and methods used in the narrative responses. All sources and data are subject to verification.

### **General Housing Market Assessment**

Use the General Market Assessment all CFC applications except for Group Homes, Special Needs, and LIHTC requests. This includes both new construction and acquisition/rehab projects. Example populations applicable to this section include general family, individuals, elderly/seniors, and farm workers. Data is typically readily available for analysis for most of these populations and projects.

This section of the application consists of essay questions and two tables. The section links the project's targeted population to the specific project real estate. The conclusions from this assessment section should provide reasonable and credible market support for the project at the CFC application level. Assess general demand and estimate appropriate rents for specific income ranges and unit types for the proposed target population.

As you research and analyze the market, you may get information from market participants such as onsite managers, management companies, and brokers. Additionally, real estate reports from secondary data providers, U.S. Census data, Portland State University (PSU) population data, and demographic vendors provide added data as well. Cite the sources and methods used in the narrative responses.

OHCS has developed a Basic Market Analysis Handbook to assist you in completing the Need and Market Assessment. You can find this tool on the OHCS web site. The Handbook is not part of the application process, but is only offered to provide research and analysis support.

### **Third-Party Market Analysis for LIHTC Requests**

All applications for either 4 percent or 9 percent LIHTCs must provide a complete third-party market analysis with the CFC application. Applications that target special needs populations and request LIHTCs must also provide the third-party market analysis.

**OHCS will not consider funding an application for LIHTC funding without a third-party market analysis.**

Some additional guidance:

- Do not complete any of the other three assessments in the CFC.

- You may have to provide more market information in the appraisal for bond-financed projects. See the special appraiser instructions in the bond application.
- State bonds do not require a market assessment as part of the application for certain populations. Contact the Multifamily Housing Section for additional guidance or questions if you plan to apply for state bond financing.
- If OHCS awards reservation of funds in the CFC, we may request additional rent and market assessment information as a condition of reservation.
- A rental analysis and estimate of unit rents for a specific project is an appraisal under the Uniform Standards of Professional Appraisal Practice (USPAP) and ORS 674. A State Certified General Appraiser must complete the rental analysis sections (both market and affordable) of the market analysis. Contact the Oregon Appraiser Certification and Licensure Board for more information about certification.

**Exceptions for Acquisition/Rehabilitation Projects.** Applications for Acquisition/Rehabilitation projects do not need to include every item expected of new construction. See **EXCEPTIONS FOR ACQUISITION/REHABILITATION PROJECTS** following the initial outline.

**Include** two originals of the complete market analysis (with original signatures) for competitive LIHTC applications with the CFC application. OHCS will include a review of the market analysis as part of the CFC review and ranking process.

The Analysis can be no more than six months old at the time of application or re-application.

During the application review process, OHCS will review and evaluate the adequacy of the analysis and credibility of the conclusions reported in the analysis. The analysis should reflect current conditions and consider future trends.

OHCS reserves the right, at its sole discretion, to reject the third-party analysis, require additional information, require amendment to the original report based upon the third-party analysis, or accept the analysis.

The following Market Analysis outline contains directions and guidance for the independent, third-party market analyst, and also includes a report outline to assist the market analyst to meet OHCS reporting requirements. This outline should not be considered a rigid format, but the analyst's report should follow the outline and include the requested information. The analyst should note where information is not available.

**The OHCS outline is minimal guidance. The analyst is expected to exercise professionalism and include any additional information and analysis to producing creditable conclusions for the project.**

A list of approved market analysts is available from OHCS via the web site at: [www.ohcs.oregon.gov/OHCS/HRS\\_LIHTC\\_Program.shtml](http://www.ohcs.oregon.gov/OHCS/HRS_LIHTC_Program.shtml). The analysts on the list meet minimum requirements, but OHCS does not guarantee it will accept their market analysis reports.

**MINIMUM COMPLETE MARKET ANALYSIS OUTLINE**

**(To be completed by a third-party analyst from the approved OHCS list. This report must be submitted with the application.)**

The following provides a market analysis outline to guide the independent, third-party market analyst in completing the required report. It contains the minimum requirements OHCS requests in the report. The analyst may include as much additional data and analysis as needed to produce a complete and credible report.

The first portion of the report requires description and analysis of the region, PMA (neighborhood), site, and improvements. These components link the location and physical characteristics of the project to its surrounding market area and targeted population. Site and improvement analyses measure the productivity and marketability of specific characteristics, and provide a market-supported basis for approving or recommending any changes in the project for further consideration.

The next segment of the report is the analysis of the project's market and potential for marginal (unmet) demand. Rental surveys, adjustments to comparables, and conclusions identify appropriate unit rents, both conventional and affordable, for various scenarios of financial analysis. A demand/supply analysis will eventually conclude whether sufficient marginal (unmet) demand in the market will support construction, conversion, or rehabilitation of the project.

Marginal demand can be quantified with demographic analysis. However, additional variables including occupancy/vacancy analysis, data regarding rent concessions, housing authority and specific comparable project wait lists, absorption data, and anecdotal data provide equally important facts and conclusions. The bulk of the data and analyses lead to a reconciliation of marginal demand for the project. The analyst's conclusions must make a compelling argument for the project's demand in the marketplace.

If the analyst includes grids and tables, they should provide sufficient detail to allow the reader to follow the narrative discussion presented in a specific section of the report.

The market analyst must report the sources (name and phone number if applicable) so that OHCS can independently verify the information. Provide enough detail so the reader can follow the analyst's calculations, logic, and line of reasoning.

# **Market Analysis Guidelines**

## **1. Report Title Page**

## **2. Letter of Transmittal**

Include:

- The client's name, purpose and use of the report, intended users of the report, and the effective date of the analysis and conclusions.
- State OHCS as an intended user of the report.
- Analyst(s) must provide reports signed with original signatures.
- Include analyst's Oregon state certification number and expiration date with signature if applicable.

## **3. Table of Contents**

## **4. Executive Summary**

- Summarize significant conclusions from the primary sections of the report. Consider this as a short, concise section preferably of only two to four pages.
- Summarize significant recommendations and/or suggested modifications to the project that will improve marketability, prevent potential obsolescence, or assist in decreasing construction costs or operating expenses.

## **5. Photographs of Project**

- Aerial photo of subject and surrounding properties
- Color photos of project
- Color photos of adjacent properties
- Color photos of street scenes
- Photos should be large enough for the reader to visualize the property, but no less than 2" x 3" in size.

## **6. Assumptions and Limiting Conditions**

- Clearly state any assumptions (including special or extraordinary).
- Clearly state any hypothetical assumptions in the report.
- Clearly state any limiting conditions of the report.

## **7. Scope of the Assignment**

- Discuss the scope of the assignment. Report and describe the process of collecting and analyzing the data, what data may be lacking, any difficulties with data collection or analysis, credibility of data and/or conclusions, analytical limitations, and any other factors significant to the assignment and conclusions.

## **8. Regional Analysis**

*(Short and concise) This section discusses and analyzes the greater economic area influencing the project. Report the trends in population, employment, income and those variables that affect the project now and in the foreseeable future. Conclude with the positive and negative regional influences on the project. Answer the question "Does the current and forecast economy of the area support the proposed project?"*

- Provide map of region with the project location clearly marked on the map.
- Population – region applicable to the project (i.e. state, metro, county); include a brief five-year history; five to 10-year projections; discuss trends impacting the project.
- Income - regional with minimal 5-year historical and anticipated trends.

- Employment – regional.
- Employment structure and trends influencing the project and population.
- Economic base and trends.
- Largest employers and trends; reliance on single employer or industry.
- Unemployment history (five and 10- year) and trends.
- Discuss and analyze consumer price index and the market's anticipated income/expense trends impacting the project.
- Additional regional factors/trends impacting the project and market as needed.

### **9. Primary Market Area (PMA) Analysis**

*Describe and analyze the project's immediate PMA (neighborhood) and primary property uses.*

*What are the trends and how do they influence the project's marketability and potential success?*

*Note: The neighborhood may or may not coincide with the PMA, which may be discussed in a later section when describing the market area.*

- Provide map of neighborhood (PMA) with the project location clearly marked on the map.
- Discuss and support reason for selecting the defined PMA (neighborhood).
- Population – trends in population, income, and employment. How do these trends impact the future of the project?
- Analyze and discuss PMA income as it applies to the project.
- Employment - if differs from regional, discuss differences and impact on the project.
- Marketability of the neighborhood (positive and negative).
- Relationship of project to its neighborhood.
- Does the neighborhood provide an acceptable location and environment for the project?

### **10. Site Description & Analysis**

*This section should answer questions about the positive and negative characteristics of the site and conclude if the site is acceptable for the intended development or continued use for the existing development.*

The analyst must inspect the subject property.

- Include map of project location with the project located on the map.
- Include plat, zoning, and flood maps with project located on the maps.
- Identify the project site with a legal description, address, or tax parcel numbers outlined on a plat map. Preferably all three.
- Linkages (discuss and analyze) - proximity (blocks or miles) to local services and resident services for the target population, schools, transportation linkages and mass transit, parks/recreation, medical services, employment (linkages pertinent to the target population).
- Discuss and analyze site characteristics including: site size (gross and net), shape, access, availability of utilities, topography, flood zone, wetlands, easements and deed restrictions, zoning, real estate taxes, environmental concerns, etc.
- Is the project a legally conforming use? If not, discuss and conclude.
- Are there any site characteristics which would significantly increase site development costs?
- Discuss and analyze proximity to adverse or potentially adverse externalities (i.e. airports, railroads, high voltage lines, noise generators, major highways, visible uses, security, etc.).
- Discuss and analyze adjacent and surrounding land uses, both positive and negative.
- Conclude the productivity/suitability of the site for the project, both positive and negative.
- Make recommendations about site development.



## **11. Improvement Description & Analysis**

*This section should link the improvements to the site and the target population. Describe the improvement characteristics and discuss/analyze if each characteristic is acceptable to the market and population served. Recommend if something should be considered for change or redesign to improve the project, better serve the tenant, and/or reduce construction costs.*

The analyst must inspect the subject property.

- If available, analyze the site plan for improvement layout on the site.
- Include plan reductions if available (primarily new construction).
- Describe and analyze offsite improvements associated with the project.
- Describe and analyze onsite improvements associated with the project.
- If the proposal is part of a phased development, how will you allocate the on/offsite improvements between phases? Provide enough detail about the process to describe the relationship of this proposal to the whole development.
- Provide a complete inventory of project improvements including square footages of both units and common area improvements.
- Unit square footages (Are unit sizes appropriate for the target market? Do they exceed minimum/maximum Department sizes?). If unit sizes are reduced will the units remain functional and marketable?
- Are the unit types marketable and appropriate for the target population?
- Unit mix (Is it appropriate and supported by market evidence?)
- Unit amenities: identify what unit amenities such as patios/decks, dishwashers, in-unit washer/dryers, etc. are present or lacking in the project in comparison to the market. Discuss the impact of unit amenities on marketability.
- Project amenities: identify what project amenities such as onsite office, clubhouse, community room, laundry room, playground, and others present or lacking as compared with the market. How does this affect marketability? Do you propose additional onsite amenities to serve the targeted population?
- Parking: describe and analyze number of spaces, legally conforming to zoning, type (open, carport, garage, etc), parking rents (if applicable), handicapped spaces, the relationship (distances) of the parking to the units. How does parking affect marketability?
- Analyze and discuss any potential physical, functional (super adequate or inadequate), or external obsolescence.
- Conclude and compare characteristics and suitability of the project as both a conventional market-rate complex and as a low-income project.
- Evaluate the marketability of improvements for both market-rate and affordable units. Assess the anticipated market response (positive or negative) to the improvements.
- Discuss what green building characteristics are present, the impact construction costs, and the influence on project marketability.
- Make recommendations for changes that could strengthen the project's marketability, reduce construction or operating costs, and/or better serve the target population?

## **12. Target Market Identification**

- Include a map of the Primary Market Area (PMA) with the project located on the map or reference the map in the prior section.
- Define the PMA/geographic target market area and boundaries. Discuss and explain the reasoning how you define the PMA. Explain additional areas of capture only if pertinent, supportable, and not already included in the demographic data.
- Identify the target market population (i.e. family, seniors, and special needs).
- Identify the Median Family Income (MFI) ranges (bands) targeted for project (50 percent, 60 percent, etc.). Analysis of income bands above 30 percent MFI should be prepared in 10% intervals. Suggested, not required, income banding is:

- 1) 0 to 30%
- 2) >30 to 40%
- 3) >40 to 50%
- 4) >50 to 60%.

### **13. Demand Analysis**

- **Identify new demand.** Residents at existing similar properties at similar rent levels to those proposed do not constitute new demand. Neither are those units (households) associated with normal turnover movement. Avoid consideration for “substandard units” unless market supported data is available. Avoid the simplistic use of census data for “rent burdened” households without qualifying the data and conclusions. New demand is also from existing tenants with additional unmet housing needs when supported.

- 1) **Occupancy/vacancy (physical) analysis:** Discuss and conclude an occupancy/vacancy rate applicable to the project from the market (submarket) data and rent comparables. Conclude by unit type if available. Conclude the indicated demand for the project unit types from the vacancy analysis.

*Physical vacancy includes un-leased units. Any leased, but not yet physically occupied units are considered occupied.*

- 2) **Wait List Analysis:** Discuss and analyze data obtained from wait lists such as housing authorities as well as from comparable complexes in the project’s area. Verify the wait list has been recently updated and reflects current demand. If available, wait list data should include segregation by income ranges and unit types to compare with the proposed project and its target population. Describe how you treated duplicate households? Discuss housing vouchers if applicable. Conclude the estimated demand for the project from wait list data.

- 3) **Rental Concession Analysis:** Discuss local trends in rent concessions and assess how they affect demand and project rents.

- 4) **Absorption Analysis:** Discuss and conclude an absorption scenario (pre-leasing, absorption period, total time to stabilize) applicable to the project from the market (submarket) data, absorption comparables, and primary rent comparables from above. The conclusions should represent the most supportable absorption scenario from the market data. State whether this indicates demand for the project or not.

OHCS prefers absorption comparables from the past 12-months in Oregon. Comparables should represent absorption data from similar and/or comparable markets with any deviations explained.

- 5) **Anecdotal Data Analysis:** Report and discuss anecdotal data collected from primary surveys, such as the comparable rental surveys, during the assignment. What do market participants say about the current market and trends? Describe what your analysis predicts for demand.

- 6) **Demographic Analysis:** This is a data gathering, analytical, mathematical process, which can vary by analyst. Variations between analysts are expected. Analysis is typically directed at the PMA. At a minimum, analyze the target market by:

- Population – households – household size – median incomes (in percent intervals described in Sec. 12 above) and eliminate any income crossover
- Age (if applicable)

- Employment (if applicable)
- Housing – tenure – structure types (single-family attached/detached, multi-family units, etc.) – unit types (studio, one, two, three bedroom units, etc.)
- Demand not inflated by turnover demand, crossover, or unsupported vacancy.

This demographic demand analysis is only one portion of evaluating marginal demand for a project. Its importance and credibility should be considered in conjunction with the analyses of the preceding variables.

#### **14. Supply Analysis**

- 1) Existing Supply: Inventory the existing competitive supply by age, structure type, unit type, and income levels.

*Note: OHCS maintains a continually updating existing and proposed list of affordable inventory in the state. The list is not considered complete and all data should be verified for accuracy. The list is available from the OHCS website.*

- 2) Proposed Supply: Inventory the proposed (pipeline) supply competitive with the project by income band and unit type. Evaluate the probability and timing of each project's entry in the market.
- 3) RAD Contact: Contact the OHCS Regional Advisor to the Department (RAD) for more information about proposed projects.
- 4) Analyze and discuss building permit activity as applicable to the project.
- 5) Demolitions and conversions treated.
- 6) Housing Authorities: Discuss current and proposed supply with the local housing authority, various agencies and authorities such as HUD, RD, or OHCS who can assist in supply selection. Discuss supply by income range and unit types, and not just gross numbers.
- 7) Provide your conclusions about supply as they relate to the proposed project and are specific to project's household income and unit types.

#### **15. Reconciled Estimate of Marginal Demand**

Reconcile all of the above indicators of demand and supply into supported conclusions about marginal demand by unit type and income band. Consider and compare all of the indicators including occupancy/vacancy, wait lists, concessions, absorption data, anecdotal data from market participants, and demographic analysis. The bulk of the data should lead to a reasonable, credible, and supportable conclusion of marginal demand.

- Summarize this analysis by unit type and income band in a table. Provide a clear, concise, reasonable conclusion as to whether or not the project is demanded by the market.
- Discuss the project's impact on the existing market, both conventional and affordable.

## **16. Capture Rate Development:**

- Estimate capture rate(s) applicable to the project. Does the capture rate fall within the established development parameters for construction?
- A capture rate estimate of 25 percent should be used as a maximum benchmark for project development. A rate less than 25 percent tends to indicate a stronger market. A rate above 25 percent tends to indicate a weaker market. Note that this 25 percent benchmark can change for various populations. Many special needs populations demand a higher capture rate, while a 50 to 60 percent MFI family project may indicate a lower capture rate is necessary in competitive markets.
- The analyst must make a clear, concise, concluding statement as to whether or not the data, analysis, and conclusions support development, acquisition, or rehabilitation of the project.

## **Rent Analysis**

For both market and affordable rents, if the comparables offer concessions, deduct the concessions from the street (quoted or face) rent to estimate the effective rent. Use the effective rent in further income analysis if an “as is” rent is estimated.

## **17. Conventional Market-rate Market**

- Provide an overview of the competitive conventional housing market (or sub market) applicable to the project. What are the trends? Discuss rents, rental trends (increases-decreases), concessions, vacancy, absorption, anecdotal data, and additional variables impacting the project and PMA.
- Insert a rent comparables map with the subject project identified.
- Research and verify a sufficient number of rent comparables to produce a credible analysis and include a summary grid.
- If applicable and if the project is new or proposed construction, research similar complexes built prior to 2000 and discuss rents as compared to the project. Discuss how these projects influence the marketability and rent levels for the proposed project.
- Include comparable detail sheets and photos in the report or addenda.
- Adjust comparable rentals, support and discuss adjustments, and conclude conventional market rents applicable to the project’s specific individual unit types as if it were a market-rate complex.
- Clearly report market rent for each unit(s) or unit type.
- Include adjustment grids and supportive discussion leading to reasonable conclusions.

## **18. Affordable (low income) Market**

- Provide an overview of the affordable housing market (sub market) applicable to the project. Discuss rents, rental trends, concessions, vacancy, absorption, any additional variables impacting the project and PMA.
- Include a rent comparables map with the subject project identified.
- Research and verify a sufficient number of appropriate low-income rent comparables and include a summary grid.
- Include comparable detail sheets and photos in the report or addenda.
- Discuss project rents and if these rents need adjustment compared to the comparables.
- Calculate project’s applicable affordable (gross) rents; discuss and deduct the appropriate and applicable utility allowances; conclude the calculated gross allowable (net) rents for the project.

*Extraordinary adjustments recognizing atypical premiums in the market such as floor height of unit, unit orientation, view premiums, adjacency to wooded areas or riverfront, and other*

*similar premiums are not to be included in the conclusion of market rent estimate in this section of the analysis.*

- Compare the market and affordable rents to the proposed project's rents and calculated gross allowable and net rents; adjust project net rents to at least 10 percent below market, or explain why this is not applicable.
- The appraiser must conclude an estimate of net allowable rents (what the tenant will actually pay the landlord) for each unit type in the proposed project.

#### **19. Certification**

- Both the market analyst(s) and/or appraiser must include a certification at least similar to the one following.

#### **20. Addendum**

- Title Report (if available)
- Legal Description (if available)
- Market Rent Comparables
- Affordable Rent Comparables
- *Additional data as needed.*
- Qualifications of Analyst(s)

### **CERTIFICATION**

I certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of predetermined conclusions that favor the cause of the client, the attainment of a stipulated result, the occurrence of a subsequent event, the approval of a loan, or the awarding of funding.
- (state name of individual(s)) provided significant professional assistance to the person signing this report. (state name of analyst engaged) inspected the project and all comparables utilized in this assignment. Comparable inspections were interior/exterior.
- I do not authorize the out-of-context quoting from or partial reprinting of this market analysis report. Further, neither all nor any part of this report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the analyst signing this report.

\_\_\_\_\_  
Analyst's Name  
Company  
Oregon Certification (if applicable)  
# (Exp.) if applicable

\_\_\_\_\_  
Date

## **EXCEPTIONS FOR ACQUISITION/REHAB PROJECTS**

The LIHTC Guidelines for Market Analyses apply to all projects and properties for CFC applications. However, acquisition or acquisition/rehab projects do not always require the same level of detail for an adequate report.

Sponsors of Acquisition/Rehabilitation projects can submit a shorter analysis if the proposed project:

- The project is existing
- Does not propose significant “new” construction improvements to the subject site
- Does not propose any significant change in the tenant population or income levels
- Will resume stable operations immediately following rehabilitation
- Serves a stable or growing primary market area population
- No significant adverse employment changes are anticipated

If the project will continue to have project-based assistance (HUD, RD), additional credence for exception is evident.

The essence of the above bullets is that the overall risk level of the project will not change significantly from its current and known position. If the project displays the above applicable characteristics, the following guidelines do not have to be included in the LIHTC Market Analysis. All other guidelines remain in effect. If any uncertainty exists with the sponsor or market analyst regarding exceptions, please contact the OHCS market analyst.

**8. Regional Analysis** – modify as follows:

- Reduce the scope of the Regional Analysis to current data and projected trends supporting the points for previous exceptions. Answer the question “Does the current and forecast economy of the area support the proposed project?”

**13. Demand Analysis**

4) **Absorption Analysis** – except all

6) **Demographic Analysis** – except all

**14. Supply Analysis** – except the following five points only

- 1) Existing Supply: Inventory of the existing competitive supply by age, structure type, unit type, and income levels.

*Note: OHCS maintains a continually updating existing and proposed list of affordable inventory in the State. The list is not considered complete and all data should be verified for accuracy. The list is available from the OHCS website.*

- 2) Proposed Supply: Inventory the proposed (pipeline) supply competitive with the project by income band and unit type. Evaluate the probability and timing of each project's entry in the market.
- 4) Building permit data analyzed and discussed as applicable to the project.
- 5) Demolitions and conversions treated.

7) Conclusions are specific to project's household income and unit types.

**15. Reconciled Estimate of Marginal Demand** – Modify as follows

Provide a brief and concise reconciliation of supply and demand factors that illustrate continued demand for the subject property

**16. Capture Rate Development** - except all

**17. Conventional Market-rate Market** – except only the following bullet:

- If the project is new or proposed construction, research at least five similar complexes built prior to 1995 and discuss rents as compared to the project. Are the project rents at, below, or above this group of rents? Quantify the difference.

## **PART 8: SPONSOR CAPACITY**

This section helps OHCS determine if the applicant has experience with the type of funding requested, in developing this type of housing previously, and has composed a competent development team.

The section contains nine narrative questions, five tables, instructions for sponsor capacity for asset management, and Asset Management Request form for the applicant to complete. Limit the response to each narrative question to one-half page, use 11 or 12-point type.

## **PART 9: FINANCIAL FEASIBILITY AND READINESS TO PROCEED**

NOTE: Question #1 in this Section does not have a page length limitation. Limit the response to each narrative question to one-half page, use 11 or 12-point type.

### **PROPOSED PROJECT SCHEDULE**

The project schedule should be accurate and the timelines should be consistent with the requirements of the project's components, such as providing adequate time to complete acquisition or satisfaction of funding conditions.

### **FINANCIAL ASSUMPTIONS**

Explain how you built the development and operating budgets. For each line item of the pro forma Uses of Funding, Income and Expenses spreadsheets, explain the source or justification of the budgetary amounts used. Provide detailed information and do not combine line items. Points may not be given for Non-descript answers. Team Reviews will determine if sufficient information was given for each question.

### **NON-OHCS SOURCES TABLE**

Indicate the amount, source, terms and status of all non-OHCS funds and potential community-based resources for this project. Complete the narrative request which follows the table.

### **DEVELOPER FEE**

Complete the table to show the total developer fee requested, including consultant fee and project management fee, if applicable. OHCS considers a project management fee, or construction management fee, paid to the project owner, developer, contractor or consultant is

the total developer fee (and subject to the 15 percent cap). If you propose to hire a third-party to oversee construction, then the project management fee is separate. The Uses of Funding worksheet now contains a “Third Party Construction Management Fee” for this line item. The applicant should make clear who receives the project management or construction management fee. If the consultant, sponsor, co-applicant, or any other related party will receive compensation for construction oversight, that payment will be considered part of the developer fee. If your project receives an award of funds, you will be asked to submit a copy of the third party contract to the department.

### **CONTRACTOR OVERHEAD AND PROFIT**

The general contractor/builder’s profit may not exceed 14 percent of the total hard construction costs less contractor overhead, profit and general conditions, regardless of the funding source. If an identity of interest exists, the general contractor/builder’s profit may not exceed 10 percent of the total hard construction costs less contractor overhead, profit and general conditions. (*For hard construction cost, use only the subtotal from the “Construction Costs” section of the Uses of Funding form*).

Builder’s profit shall include all of the following:

Profit

- overhead
- general requirements
- and project management fees associated with construction.

Builders’ Risk Insurance and/or a performance bond may be a separate line item and is not included in the percentage.

### **HOW THE PROJECT WILL REMAIN AFFORDABLE OVER THE ENTIRE PERIOD OF AFFORDABILITY.**

Explain how you plan to control future costs such as management and operating expenses. What do you plan to do when property tax reductions, federal or state tax credits, or other subsidies expire? If the pro forma shows the cash flow diminishing over time or becoming negative, explain how you will maintain a positive cash flow.

### **EXISTING SUBSIDIES WITH ACQUISITION PROJECTS**

Indicate all rental assistance and subsidy that are now with the project.

### **PROJECT-BASED RENTAL ASSISTANCE**

Include only those project-based rental assistance (PBA) sources from which you have commitments for post-construction/rehabilitation. The PBA should be an expected resource for more than one year, preferably for a minimum of 20 years, or under an existing renewable contract.

### **PRESERVATION OR EXPIRING USE**

If the proposed project is preservation of a HUD or RD financed project or an expiring LIHTC project, detail the status of sale or transfer transactions. Complete the “Status of Negotiations” table. Make sure this information is consistent with your responses in other sections of the application.

### **EXISTING TENANT SURVEY**

You must complete this form for all projects occupied at the time of application, regardless of the funding source(s) requested.



## TENANT RELOCATION

Complete this form if the proposed project will relocate (permanently or temporarily) any household or business. Complete the entire form for OHCS HOME applications. If you do not request HOME, answer only the first five questions. Limit the response to each narrative question to one-half page, use 11 or 12-point type.

## **PART 10: EXCEL PRO FORMA SPREADSHEETS**

OHCS has organized the pages of the Excel workbook in a different order than how they are listed on the Application Submittal Checklist. The most-used pages appear at the front. Insert the hardcopy spreadsheets in the same order as they are listed on the Application Submittal Checklist.

OHCS has protected the cells without a password to help you avoid changing their content. If you wish to change data in a protected cell, use the "Tools" tab to unprotect the cell.

Fill in the project name on the Sources of Funding page. The spreadsheet will automatically link it throughout the workbook..

Fill in the date on each spreadsheet page. The spreadsheet will not link the date through the workbook to allow pages to reflect revision dates.

OHCS has embedded "comments" in the cells to help you provide correct information.

Generally, OHCS has highlighted (in yellow) the cells in which you will enter data. The exception to this is Sources of Funding page.

### **Sources of Funding page**

Note: If the project is a mixed-use project with a commercial/retail component, go to the row that has A,B,C, etc. and highlight columns F and I. In the shaded area, right click your mouse and select "Unhide" at the bottom. This will reveal the Commercial input column. Input information according to the instructions that follow:

Fill in Project name and date at the top of the page.

Enter source dollar amounts in their proper locations. Be sure to include Commercial if applicable.

If you are applying for LIHTC, do not attempt to enter numbers in the cell labelled "LIHTC equity." The spreadsheet will automatically fill this cell after you complete the Calculation of Tax Credit page.

### **Uses of Funding page**

Note: If the project is a mixed-use project with a commercial/retail component, go to the row that has A,B,C, etc. and highlight columns C and E. In the shaded area, right click your mouse and select "Unhide" at the bottom. This will reveal the Commercial input column. Input information according to the instructions that follow:

Fill in date cell.

Put an "x" in "acq/rehab" cell if you want funding for an acquisition rehabilitation application. This will enable the spreadsheet to correctly calculate the developer fee.

Fill in IRS set aside (only if requesting LIHTC). See comments for that cell.

Enter square footage for Residential areas, Common Areas, Commercial/other areas.

The spreadsheet will calculate the Total Square Footage based on these entries.

#### Cost column

- Enter costs by line item. "Other" lines for "other" costs have been provided, however most costs should fit into the pre-labeled line items.
- Do not combine line items or request "see above" or "see below."
- Show contractor's profit, overhead and general conditions as separate line items.

#### "Cost per unit," "square foot" and "percent of total" columns

- These columns will be calculated automatically. The calculations will be based on the residential and common areas only.

#### Funding Source column

- List actual funding source, e.g., HOME, Trust Fund, permanent loan, donation. Even though the sources will often change during the development of the project. Reviewers of the application need to determine if you propose to use the fund sources for eligible costs.

#### Reasonably Expected Basis and Estimate Gross Expended columns

- Complete these columns only if you are requesting LIHTC.

#### Bottom of second page

- The workbook will automatically calculate and complete these cells. If the "Surplus or Gap" cell shows a positive or negative number, then the Sources and Uses do not match by that amount. Go back and find your error.

### **Housing Operating Budget - Income page**

Enter date at top of page.

Enter County name at top of the page. If this is not done, the formulas for Median Income % will not work.

Every applicant must complete this page, including those that request OAHTC.

In the "Unit Size" column, enter the following designations for appropriate unit sizes:

- SRO - use for single resident occupancy
- 0 - use for efficiencies or studio apartments
- 1 - use for one bedrooms
- 2 - use for two bedrooms
- 3 - use for three bedrooms
- continue in this manner

"Number of Baths" column - use .5, 1, 1.5, 2, etc.

"Median Income %" column. Both the "Income without OAHTC" and the "Income with OAHTC" pages use formulas to automatically calculate the percentage of median income. OHCS will consider the percentages to be expressed as a not-to-exceed percent of median income in 10 percent intervals. For example, if the percentage of median income is calculated by the formula to be 43 percent, then OHCS will consider the not-to-exceed percentage of median income to be 50 percent. OHCS will use these not-to-exceed percentages in all legal agreements and declarations between the sponsor and the state. Direct questions about this policy to your RAD.

If you are requesting OAHTC, you must complete this page and the "Income with OAHTC" page found later in the workbook.

Enter the total income for Service Revenue and any Other Revenue for the project in the "Total Annual Income" column. This is the annual income for all units using the service or other project revenue as project income.

The spreadsheet defaults the Annual Inflation Rate Factor for income to 2 percent. If you use a different rate, you must explain why in the Financial Description section of the application. The same applies to the default 5 percent vacancy rate at the bottom of the page.

The spreadsheet does not allow the Inflation Factor to vary on a line item-by-line item basis.

### **Housing Operating Budget - Expenses**

Enter date at top of page.

The Annual Inflation Rate Factor at the top of the page is defaulted to 3 percent. If you change this rate, you must support the change in the Financial Description narrative.

Complete only the highlighted? Cells, the spreadsheet will automatically calculate and complete the other cells.

In the Permanent Loan row, enter the interest rate, term and loan amount. If you are requesting OAHTC, show the original interest rates, not the rate after you apply the OAHTC.

The spreadsheet will complete the OAHTC permanent loan row using the information you entered on the OAHTC calculation page.

Enter any portion of the permanent loan that is not affected by the OAHTC reduction in the "Portion of loan w/o OAHTC" row.

Amortized Debt row should include HOME loans, Trust Fund loans, Partnership loans, etc.

This spreadsheet page will calculate cash flow projections up to 30 years, but only prints the first five years. After that point, it shows only years 10, 15, 20 and 30.

### **Utility Allowance Information**

Enter date at top of page.

Enter data as requested by the form.

Provide a copy of the source of the Utility Allowance Calculation (Housing Authority, etc.).

### **Commercial Operating Budget – Income page**

Enter date at top of page.

The Annual Inflation Rate Factor at the top of the page is defaulted to 2 percent. If you change this rate, you must justify the change in the Financial Description narrative.

Complete only the highlighted Cells, the spreadsheet will automatically calculate and complete the other cells.

### **Commercial Operating Budget – Expenses page**

Enter date at top of page.

The Annual Inflation Rate Factor at the top of the page is defaulted to 3%. This may be changed but the change must be justified in the Financial Description narrative.

Complete only the highlighted Cells, the spreadsheet will automatically calculate and complete the other cells.

In the Permanent Loan row, enter the interest rate, term and loan amount for the commercial loan.

This spreadsheet page will calculate cash flow projections up to 30 years, but only prints the first five years. After that point, it shows only years 10, 15, 20 and 30.

### **Proforma Summary page**

Enter date at the top of the page.

This page requires no other data entry from the applicant.

Be sure to submit this summary page with the pro forma sheets.

### **Project Summary page**

Enter date at the top of the page.

This page requires no other data entry from the applicant.

Be sure to submit this summary page with the pro forma sheets.

### **Calculation of Tax Credit page**

Only applicants requesting LIHTC need submit this page.

Enter date at the top of the page.

Place an "X" under either "yes" or "no" regarding Qualified Census Tract or Difficult to Develop designations. If "yes", the spreadsheet will automatically calculate the 130 percent.

Enter the applicable fraction in the appropriate cell.

Input the amount of tax credit requested and the tax credit yield. If the yield contains fractions of cents, enter it as a decimal of up to 3 places. The spreadsheet will calculate the tax credit equity and link it to the Sources of Funding page.

### **Housing Operating Budget - Income with OAHTC page**

Only applicants requesting OAHTC must submit this page.

Enter date at the top of the page.

In the "Unit Size" column, enter the following designations for appropriate unit sizes:

- SRO - use for single resident occupancy
  - 0 - use for efficiencies or studio apartments
  - 1 - use for one bedrooms
  - 2 - use for two bedrooms
  - 3 - use for three bedrooms
- continue in this manner

"Number of Baths" column - use .5 or 1 or 1.5 or 2, etc.

"Median Income %" column. Both the "Income" and the "Income with OAHTC" pages use formulas to automatically express the percentage of median income. OHCS will consider the percentages to be expressed as a not-to-exceed percentage of median income in 10 percent intervals. For example, if the percentage of median income is calculated by the formula to be 43 percent, then OHCS will consider the not-to-exceed percentage of median income to be 50 percent. OHCS will use these not-to-exceed percentages in all legal agreements and declarations between the sponsor and the state. Direct questions about this policy to your RAD.

Enter the total income for Service Revenue and any Other Revenue for the project in the "Total Annual Income" column. This is the annual income for all units using the service or other project revenue as project income.

The spreadsheet defaults the Annual Inflation Rate Factor for income to 3 percent. If you use a different rate, you must explain why in the Financial Description section of the application. The same applies to the default 5 percent vacancy rate at the bottom of the page.

The spreadsheet does not allow the Inflation Factor to vary on a line item-by-line item basis.

#### **OAHTC Rent Reduction Calculation**

Enter date at top of page.

Enter only the portion of the loan that is reduced by the Oregon Affordable Housing Tax Credits in the loan amount labeled "W/O OAHTC", as this is used to calculate the interest rate reduction, so the portion at full rate does not need to be in the OAHTC calculation page.

Input data in shaded cells and the spreadsheet will calculate and complete the other cells.

Pass through requirements and amounts are shown just above the Loan Amortization section. The pass through number must be positive (or "over").

## **PART 11: CONSTRUCTION COST DOCUMENTS**

In this section, attach the document(s) used to determine construction or rehabilitation costs. A full explanation of the required materials is provided in the Application Overview section.

### **PART 12: SUPPLEMENTAL HOME FORMS**

### **PART 13: SUPPLEMENTAL LIHTC FORMS**

### **PART 14: SUPPLEMENTAL LIW FORMS**

### **PART 15: SUPPLEMENTAL OAHTC FORMS**

Complete and submit all of the supplemental forms for each funding source for which you are applying. Do not submit blank forms for other sections. Before completing the forms, thoroughly read the program requirements pertaining to the particular resource, as you need to understand the program to integrate each funding source into the project development.

### **GENERAL REMINDERS**

- Follow the order of the Application Submittal Checklist completely and accurately.
- Make sure to provide all requested material in the order indicated on the Checklist.
- Submit only the documents which are listed on the Application Submittal Checklist.
- Use divider tabs to identify each Part.
- Number every page of the application.
- When answering narrative questions, **do not remove the question, question number, or the box provided.**
- Keep responses within the stated length and font size limits.
- Do not double-space your text responses.
- Always mark the project's location on maps and context photos.
- Identify acronyms used by your organization.
- Answer questions completely. Don't assume the reader is familiar with your organization or project.
- Double-check that each copy of the application includes all the same documents as the original.